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Municipal Property Taxation in Law and Practice: A descriptive comparative study between Alberta and Ontario

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Abstract

Municipal property tax is one of the most important revenue sources for most local governments across the world. The extent to which local governments have control over property taxes is a critical factor – it determines the local revenues in relation with expenditures of services as well as their equity and fairness in relation to taxpayers. In Canada, provincial legislation governs property taxation. As result, municipal autonomy in setting property taxation varies depending on the province.

This paper provides a descriptive comparative research of legal aspects of municipal property taxation in 10 mid-size municipalities in Alberta and Ontario. The study highlights variations in provincial laws and regulation on how municipalities administer, assess, levy taxes and how they deal with disputes. It also highlights variations on practice by reviewing the information included in the municipal financial information return.

Findings demonstrate variation between the selected municipalities in Alberta and Ontario provinces in legal framework and practice – in property tax administration, assessment, classification and dispute resolution.

Dedication

I dedicate this MRP to my family. My daughters, Sara and Stina have been my best cheerleaders throughout this journey. My wife, Meli whose dedication to lifelong learning has inspired me to pursue this degree.

Acknowledgments

I would like to express my gratitude to my MRP supervisor Professor Zack Taylor for all the support and guidance. Without your valuable insights this thesis would have not been possible. A special thanks to the Director of the program, Professor Joe Lyons for all the support throughout the program and for teaching. I also thank all professors and lecturers involved in the program. Your dedication to teaching students in this program has been outstanding despite all the challenges poised by the Covid-19 pandemic. I also like to thank the anonymous reader who has provided me with valuable insights in the early stages of this MRP.

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I. Introduction

"…in this world nothing can be said to be certain, except death and taxes".
— Benjamin Franklin, in a letter to Jean-Baptiste Le Roy, 1789

Property taxation is one of the most important revenue sources for most local governments across the world. It has been historically seen as an appropriate local government revenue because it is a tax on immovable assets and it is primarily used to fund many services that benefit to residents (Bird & Slack, International handbook of land and property taxation, 2004, p. 10). However, property tax is not important only for local governments, but it is also very important for residents who own or rent a residential or business property within a municipal jurisdiction and receive municipal services (Sancton, 2015, p. 315). The property tax is a tax in an immovable asset that is registered in an owner's name. This makes property tax one of the most attractive taxes for governments because there is no way for owners to escape property taxes unless they decide to not pay which may lead to confiscation of their property or sell it to move to another jurisdiction with lower rates (p.316).

The legislative framework on property taxation varies within countries. For example, municipalities in Canada are considered creatures of province and their taxation powers are governed under provincial legislation. The provincial legislation has its advantages since it creates a unification of property tax application across municipalities within the provincial jurisdiction. In Canada, municipalities in all provinces are responsible to levy taxes – the lower tier municipality collects taxes for itself, the upper tier municipality and the school boards (Bird & Slack, International handbook of land and property taxation, 2004, p. 69). In the past few years, property taxation in Canada has become a significant source of local governments revenue. In 2000, due to decline of provincial grants to municipal sector, the property tax accounted for 53% of local government revenue – about 5% increase since 1988 (Bird & Slack, International handbook of land and property taxation, 2004, p. 69).

However, the municipal autonomy in setting property taxation varies depending on the province. For example, municipalities in Alberta, Nova Scotia, Prince Edward Island and Newfoundland and Labrador are free to set their own property taxes without provincial restrictions and Ontario and other provinces have more controls and limitations on property taxes through tax rates and ratios (Slack, Kitchen, & Hachard, Property Taxes in Canada: Current Issues and Future Prospects, 2019, p. 2).

Since municipal taxation is a provincial taxation, there can be considerable variations between provinces. This Major Research Paper (MRP) describes these variations in provincial legislation and practice in ten selected mid-sized municipalities in Alberta and Ontario. It begins with a brief overview of theoretical considerations and a description of the research design. It then proceeds with three chapters – the first chapter provides a description of legislative variations between Ontario and Alberta provincial laws and policies. It includes an examination of legislative stipulations of most important aspects of property taxation such as assessment, taxation rates, tax reliefs and tax exemptions, tax administration including the dispute settlement. The second chapter describes legal aspects of dispute resolution related to property assessment and the determination of over-assessments. The last chapter provides an empirical approach to exploring how the legislative variations influence property taxation in practice in mid-sized municipalities. The paper ends with a set of conclusions about the current findings and recommendations for future research.

II. Context

Several authors have studied municipal property taxation in Canada and because the property tax falls under provincial jurisdiction, their research is often focused on property taxation in a single province. For example, there is an extensive literature on property taxation in Ontario– substantially more so than in Alberta. The property tax reform in 1998 carried out by Provincial Government in Ontario has attracted considerable scholarly attention.

Enid Slack (2010) argues that property tax is one of the "most hated" and one of the most visible taxes (p.7). It is the most hated tax for several reasons. First, unlike other taxes, it is not withheld at the source but rather collected at a uniform rate to provide various services. As such, property owners are more aware about the amount of taxes they pay and the services they expect in return. This makes the tax politically more challenging since the elected officials and local government administrators are kept accountable about the quality of the services, they provide in relation to property taxes paid by property owners. Second, the volatility and unpredictability of the property tax is based on market value which means the taxes amount for property owners will fluctuate depending on the size of the tax base and the market value of property (p.8).

Bird et al. (2012) provide a thorough overview of property tax reform undertaken in 1998 in Ontario to reform both the assessment and property tax itself (p.1). The aim of the reform was to make the property tax more equitable, simpler to administer and easier to understand. However, the authors argue that it is difficult to assess the success of the reform due to "complex and confusing institutional and political changes" that were needed to put the system in place. In addition, the property tax reform was also accompanied by two other province initiatives – the realignment of provincial and municipal service responsibilities and transfers and municipal amalgamations bringing the number of municipalities from 800 to 445 (p.2). In the property taxation realm, the reform introduced "current value assessment" (CVA) which Bird et al. (2012: 57) argue is the same as market value. Also, the reform moved the property assessment from the provincial government to the Ontario Property Assessment Corporation, later renamed Municipal Property Assessment Corporation. In addition, the reform investigated the fairness and tax burden between the taxes. As result, the government introduced ranges of fairness within each property class which are expressed in tax ratios – which represent "the ratio of the effective tax rate for the property class relative to the effective tax rate for the residential class" (p.65).

However, the equality between property classes remains a challenge. The "tale of two taxes" referred in the title of the Bird et al.'s (2012) book refers to the residential and non – residential (business) property taxes. According to authors, the political challenges encountered during the reform, shifted the property tax burden from residential properties ("home voters") to a heavily and discriminatory taxation toward non-residential properties – that is, businesses (Bird, Slack, & Tassonyi, 2012, p. 223). Authors call for abolishing the discrimination toward businesses although they acknowledge the challenges that come with this e.g., political challenges in raising residential taxes as well as the need for new forms of taxation to fill in the hole that a decrease in business taxes will leave in municipal revenue (pp.223-248). Another important aspect that authors point out the property tax reform made it clear that the province has the jurisdiction over municipal property tax:

> "…. the adjustments made by provincial government made it clear that it is the province and not the local government that has both first and the last say when it comes to property taxes. Under the present governance structure in Ontario, the strength of the local-

accountability argument for property taxation has been greatly reduced, to put it mild" (p.229).

Authors argue that while the property taxation is viewed as the sensible and well-established tax, the same cannot be claimed for the non-residential property tax which makes up more than half of the property taxation in Ontario municipalities (p.230).

Also, Enid Slack (2002) looks at the property tax reform undertaken by Government of Ontario in 1998. Her main research question studies whether the provincial government has achieved its goal for creating stability of property taxes, equity and fairness, and simplicity of tax administration. The first term "stability" relates to the unification of the property tax system across the province; the second and third term "equity and fairness" relate to resident's ability to pay and elimination of disparities between classes of property; and the last term "simplicity" relates to the ability of municipalities to navigate through tax reform without any hardship. Using information from documents such as tax reform policy, government reports and journal articles, she finds that Ontario has achieved the goal of bringing stability of property taxes at the expense of equity and simplicity (Slack, 2002, pp. 576-585).

Authors Harris and Lehman (2001) study two types of inequities of property taxes in Ontario – the social inequalities which means cheaper properties pay higher tax than expensive properties due to higher property assessment and geographic inequalities which means properties in inner city pay more than those in suburban areas. Their main research question aims to test whether these previous research findings on social and geographic inequalities hold in Ontario. They define equitable assessment of property taxes as one that produces "a constant ratio of assessed values to market prices" which means that the property tax is derived from the ratio between property appraisal conducted by authority and the price the property can sell in an open market. Authors use longitudinal data in three distinct time periods – 1976, 1996, and 1999, to conduct an empirical analyses of property sales prices and property assessment in Hamilton Ontario. Their findings confirm the systematic pattern of cheaper and inner-city properties paying higher taxes compared to expensive and suburban properties (Harris & Lehman, 2001, pp. 881-900).

Authors McMillan and Dahlby (2014) investigate whether municipalities in Alberta need more tax powers. To investigate the varying significance of property taxation, authors use longitudinal data of personal income from 1950 to 2011 to explore the burden of taxes on Albertans over time. Their findings suggest that property taxation has fluctuated over time from 4% in 1950, to 7% in 1960-1970 and declined to 3.5% in 2008 and has hold steady since (pp.3-4). They also look into various aspects of municipal finance such as revenue, infrastructure, debt, etc., and find that in general the Alberta municipalities are in a solid and favourable financial position. With province taking over the school property tax, since 2000, the total property tax burden has been lower than during the previous 50 years (p.13).

There is limited literature on appeals process of property assessment in Canada. The only publication I was able to find is written by Cole and Nathan (1969) who used an interpretivist (inductive) approach to describe the appeal process in Ontario. Authors use documents such as Municipal Act, Assessment Act, government reports and court cases to describe property tax appeal process. They provide an explanation of key concepts such as determination of over-assessments, an outline of appeals procedure and legal principles that should be taken under consideration when dealing with over-assessment issues. They bring forward two important issues of the appeal process: the burden on residents to prove they have been subject to inequality and the disparity in assessment between types of properties (Cole & Hartley, 1969).

III.Research Question and Design

1. Research Question

As provided under theoretical considerations, there is lack of research on municipal property taxation in Canada. The literature also highlights that property taxation is a shared responsibility of the provincial and local governments therefore there are considerable variations on how they are regulated and administered.

This proposed research aims to bring a comparative descriptive study of provincial legislation on property taxation by looking at mid-size municipalities in the province of Ontario and Alberta. The overarching research question addressed in this proposed research is descriptive: *How much <u>do the legal basis and practice of municipal property taxation vary between Alberta's and Ontario's midsize municipalities?</u>* The following questions will aid in answering the main research question: Under what legislation municipal property tax is regulated? What is the property tax base and property classes? What is the property tax rates and who sets them? How is the property assessment conducted? What is the frequency of property assessment? How is the property tax administered? What is the appeal process and upon whom rests the burden of proof for over-assessment? Do the costs of the administration of assessment, tax base, property classification, education tax and appeal vary in practice between provinces?

2. Research Design

The proposed research will <u>describe the variations in legislation and practice of municipal property taxation between Alberta's and Ontario's midsize municipalities.</u> This study will provide a comparison between the Province of Ontario and Alberta looking specifically into mid-size municipalities and will describe some critical variations in legislation that influence property taxation in practice. However, some similarities between the taxation system in these provinces enables us to make comparisons. First, both provinces use market value to conduct property assessment although in Ontario it is referred to as the "current value assessment" (CVA). Second, both provinces have available longitudinal data on municipal property taxation in the municipal financial information return (FIR) filed by municipalities to provincial government in annual basis.

Why is this proposed research focusing on mid-size municipalities? There are over 400 municipalities in Ontario and over 300 municipalities in Alberta. Due to time and resource constraints, it will be impossible to include all municipalities in this study. The large metropolitan municipalities in Ontario and Alberta are governed under special municipal acts which often provide them with more taxation powers. Prior studies on property taxation and municipal financial aspects have been primarily focused on the metropolitan and large urban municipalities. Therefore, this study will provide more value in closing the gap in the literature by focusing on mid-size municipalities in Ontario and Alberta. The mid-size municipalities are governed under the same municipal act which allows for a uniform taxation power within each province. The study includes 10 municipalities. Based on Statistics Canada census in 2016, there are 8 mid-size municipalities in Alberta with population range between 31,000 – 99,000 and 20 mid-size municipalities in Ontario with population range between 30,000 – 98,000 (Statistics Canada, 2016). For this study ten mid-size municipalities are included in the study, five from each province (appendix 1).

Methods, Data Collection and Analyses: This study will use a mixed-methods approach to provide answers to the overarching question and it is divided in three chapters. The first chapter will bring a description of similarities and variations of provincial legislation. Using a qualitative (inductive) approach, this component of the proposed research will explore legal aspects of dispute resolution related to property assessment and the determination of over-assessments. The appeal process is understood to put the burden on residents to prove they have been subject to inequality. The term burden of proof means which party in a dispute is responsible to provide enough warrant for their position. To explore this study component, the following questions will be used to collect information – what is the appeal process for municipal property assessment? And, upon whom rests the burden of proof for inequality and disparities in property assessment?

The second chapter brings an inquiry of dispute resolution for property assessment (burden of proof for determination of over-assessments). Using a qualitative (inductive) approach, this component of the study will explore legal aspects of dispute resolution related to property assessment and the determination of over-assessments. The term burden of proof means which party in a dispute is responsible to provide enough warrant for their position. To explore this study component, the following questions will be used to collect information – what is the appeal process for municipal property assessment? And, upon whom rests the burden of proof for inequality and disparities in property assessment?

The third chapter brings an exploration of how property taxation is applied in practice. Through a collection and analyses of municipal level data from mid-size municipalities in Ontario and Alberta, the study will provide an empirical approach to exploring the tax base and property classification, tax rates and ratios, education rates, appeals. It answers questions such as do the costs of the administration of assessment, tax base, property classification, education tax and appeal vary in practice between provinces? To answer these questions, the study will rely on provincial available data such as municipal financial return information includes data about municipal property taxation.

IV. Chapter 1: Legal aspects of municipal property taxation

1.1. Introduction

In all Canadian provinces, real property is the base for property taxation, and it is defined as land and improvements in land within municipal boundaries. Real property generally includes land and buildings (Sancton, 2015, p. 316). This chapter provides overview of similarities and variations of provincial legislation with regards to property taxation in Alberta and Ontario. It will provide a brief history of taxation in both provinces to proceed with property taxation aspects included in current investigation such as property classes, assessment, valuation, property tax rates, ratios, and relief schemes. It will then proceed with a discussion of key findings on the variations of property taxation between these two provinces.

1.2. Property Taxation in Alberta

Two major periods can describe property taxation and assessment in Alberta – the Municipal Ordinance in 1800s until 1995 and post-1995. Prior to creation of provinces, the municipal taxation was regulated under the Municipal Ordinance of North West Territories 1882 (hereafter Ordinance) which included a general taxation system which levied taxes on real property, personal property and income and supplemented with the poll tax for anything not covered under this ordinance. This system had a democratic character:

> "It was a system in which taxation was distributed over all persons; and as every taxpayer had the right to vote, town government was of a democratic character".

(Patterson, 1926, p. 362).

The Ordinance also allowed, at the discretion of town councils, to adopt a Single Tax system which was a tax on the fair actual value of land irrespective of improvements, but most municipalities used the general taxation system (Patterson, p.362). Several changes in the legislation happened in 1900. For example, the income tax was exempted in 1910. This was followed by several changes in 1912 which included elimination of the taxes on improvements and personal property, the abolition of the poll tax, and the substitution of the Single Tax method (ibid). As such, taxation included land alone regardless of the value of buildings and improvements. However, municipalities were having trouble to extract sufficient revenues and were putting pressure on the provincial government. As result, in 1913, the taxation system included a tax on business that was based on the rental value of the property. Between 1913 and 1919, towns pushed for more taxation freedoms thus the provincial government reverted to its old taxation system by allowing taxes on the actual value of improvements and personal property as well as the poll tax and the new business tax. The income tax was being levied by Dominion government thus municipal governments were not given back this power (p.365).

In the nutshell, up until 1995, the municipal taxation in Alberta was based on the fair actual value for all land except the farmland. The municipalities were required to assess property taxation every eight years (Government of Alberta, 2010, p. 4). This assessment cycle was unfavorable because in eight years the property values changed dramatically (ibid). As result, in 1995 the new Municipal Government Act (the Act) including the Municipal Taxation Act came into force. The new Act, revised in 2000, included the market value assessment system requiring municipalities to assess property annually. The Act, under the section 297 (1), sets out four property types –

1) residential property class
2) non-residential property,
3) farmland class; and,
4) machinery and equipment class

Municipalities can create subclasses to the residential, non – residential and farmland property (section 297.1-4). For example, the residential class can be split into sub-classes such as vacant, non-vacant, multi-dwelling and the non-residential property can be split into vacant non-residential property, small business property and other non-residential property (Alberta Urban Municipalities Association, 2020, p. 1).

The tax rates are determined every year by municipal council based on the amount of money the municipality needs to operate its services. The tax rate each property class and subclass assessment are set out by municipality and is calculated by dividing the amount of revenue required by the total assessment of all property on which that tax rate is to be imposed (section 355). For residential properties, the tax rate should be greater than zero (section 357.1). The tax ratio cannot be greater than five to one – which means the municipality's highest tax rate shall not be more than five times greater than the municipality's lowest residential tax rate. The tax rate for small businesses must be at least 75% or equal to the tax rate for the other non-residential property (Alberta Urban Municipalities Association, 2020, p. 1). Whereas the tax rate for machinery and equipment must equal the tax rate for non-residential class (ibid).

The Municipal Government Act sets out two types of valuation standards – the market value and regulated procedure-based standard (ibid, p.5). According to the act under section 284(1)(r), the "market value" means the amount that a property might be expected to realize if it is sold on the open market by a willing seller to a willing buyer (Government of Alberta, 2000).

The market value includes the most probably price and not the highest, lowest, or average price and instead it relies on the information on the range of sales prices in the marketplace (Government of Alberta, 2010). There are three approaches to determine the market value which are often combined to assess the market value of a property – the sales comparison approach, cost approach and income approach. The first, sales comparison approach, uses sales prices of the similar properties and it is mostly used for properties that sell more frequently such as residential properties (ibid, p.11). The cost approach is often used when comparable sales prices are not available – such as new properties. The assumption behind this method is that "the purchaser would not pay any more to purchase a property than it would cost to buy the land and then rebuild the same improvements" (ibid, p.12). As such, the market value of the land, the cost of improvement and the improvement depreciation are included in the formula for assessing the total property value. Lastly, the income approach, is mostly used for properties that generate income such as rental properties and relies on the assumption that the income generating properties are sold and purchased based on their income-generating potential (ibid, p.13).

The regulated properties include set rates and standard procedures provided by provincial government to calculate values for properties that are rarely in the market – such as,

1) farmland,
2) linear property,
3) machinery and equipment; and,
4) railway property.

The farmlands are assessed from local assessors based on the productive value or the ability to produce income. The assessment is done in accordance with Alberta's Farmland Assessment Minister's Guidelines issued every year from the Alberta's Municipal Affairs (Government of

Alberta, 2020). The linear property is a designated industrial property which includes a set of properties that may cross municipal boundaries – such as, electrical power systems, street lightening, telecommunication systems, pipelines, railway property and wells (Government of Alberta, 2000, p. Section 284 (k)). The assessment is done in accordance with Alberta's Linear Property Assessment Minister's Guidelines issued every year from the Alberta's Municipal Affairs (Government of Alberta, 2020). The machinery and equipment include a variety of things such as above ground tanks, heaters, gauges and switches, traitors, separators, fuel gas scrubbers, filters, air compressors, etc. (Government of Alberta, 2020). The machinery and equipment are assessed by local assessor except the machinery and equipment part of linear property which is assessed by the assessor designated by the Minister of Municipal Affairs (Government of Alberta, 2010, p. 14). The assessment is done in accordance with Alberta's Machinery and Equipment Assessment Minister's Guidelines issued every year from the Alberta's Municipal Affairs (Government of Alberta, 2020). The Railway property is assessed by local assessors based-on "a fixed dollar amount per kilometer and based on the annual tonnage transported on the railway right-of-way" (Government of Alberta, 2010, p. 14). The assessment is done in accordance with Alberta's Railway Assessment Minister's Guidelines issued every year from the Alberta's Municipal Affairs (Government of Alberta, 2020).

Municipalities in Alberta can also levy other taxes on property – such as, a business tax, a business improvement area tax, a community aggregate payment levy, a local improvement tax, a special tax and a well drilling equipment tax (Government of Alberta, 2000). The business taxes can be set by the municipal council through a by-law and is payable by the business owner (Government of Alberta, 2010, pp. 34-35). The municipal council must adopt one of the five methods set out in the Act for business assessment: which include: (1) A percentage of the gross (before deductions) rental value of the building; (2) A percentage of the net (after deductions) rental value of the building; (3) The storage capacity of the building occupied by the assessed business; (4) The floor space occupied by the business; or (5) A percentage of the property assessment (p.35). There is also a business revitalization zone tax which include a tax on constructing improvements, installing decorative lighting, plantings, boulevards, parking, or any other type of improvements that will beautify and maintain property (p.36). The Community Aggregate Payment Levy is a tax on sand and gravel businesses and is used to pay for infrastructure and other costs in the municipality (ibid). The local improvement taxes are imposed on the landowner to pay for services or land improvements in a particular area (ibid). Special taxes are imposed to property owners and are usually levied to fund a service or construction such as a water or sewer system, recreation service, ambulance, etc. (ibid). The well drilling tax is an optional tax and is imposed on the owners of the equipment used to drill oil and gas (ibid). The provincial government provides tax deferral to senior homeowners for all or part of the property taxes with low interest equity loan. The homeowner needs to apply for this program to the provincial government and if eligible, the program will pay the property taxes on behalf of the owner directly to the municipality. The loan is paid when the property is sold or transferred (Government of Alberta, 2019).

In addition, every year the provincial government calculates provincial mill rate which represents the amount of taxes each municipality must collect for public education system (Government of Alberta, 2012). Mill rate is often used interchangeably with tax rate but there is an important difference in their interpretation – the mill rate is calculated by "multiplying the tax rate by 1,000. For example, a tax rate of 0.008437 would be presented as 8.44 in mill rate terms" (Alberta Urban Municipalities Association, 2021). The mill rate is issued for property class 1-3 or residential/farmland and non-residential properties and class 4 of property or the machinery & equipment are excluded from the education property tax (Alberta Urban Municipalities Association, 2020, p. 2). As such, the mill rates do not represent the levied tax rate and is calculated based on an equalized assessment which ensures a uniform assessment and avoids disparities in municipal property assessment due to variations in market value of the property in various municipalities (Government of Alberta, 2010). As such, the municipality divides the amount of education tax requisition by its local assessment base to determine the education tax rate to be applied to each property (Alberta Urban Municipalities Association, 2020, p. 2). The revenues are pooled in a common fund called Alberta School Foundation Fund (ibid, section 167). The province distributes these funds to local school boards and ensures the province provides a similar standard for education despite the value of properties or local resources.

1.3. Property Taxation in Ontario

Ontario property taxation legislation dates from eighteenth century. The Assessment Act of 1793 for Upper Canada included taxes on real or personal property, goods or effects assessed by a local Justice of Peace assigned directly by the Province (Municipal Finance Officers' Association of Ontario, 2012, p. 8). The Municipal Act of 1849 (known as the Baldwin Act) created the legislative foundations for the municipal governments including the provisions of local property taxation by municipalities including the upper tier requisition of tax funds as well as the education tax (ibid). In 1866 the personal property definition was revised to include the income and the same was removed in 1904 when several changes were introduced to taxation including the removal of the personal property from property taxation, only land plus fixed improvements were included in the assessment as well as introduction of the business tax (ibid, p.9).

However, the property taxation reforms in Ontario in 1967 (Slack, Property Tax Reform in Ontario: What have we learned., 2002, p. 578). At that time, the Ontario Committee on Taxation provided a report on the taxation and revenue system of the province and its municipalities and school boards (Government of Ontario, 1967). The committee findings suggested that the provincial taxation system was regressive and inequitably in assessing the property value (Slack, Property Tax Reform in Ontario: What have we learned., 2002, p. 578). Other criticisms of the property taxation system at that time included also concerns that the system was not able to support the increasing urbanization and industrialization process that the province was experiencing (Municipal Finance Officers' Association of Ontario, 2012, p. 9). As such, the committee recommended that the province approve the use the actual (market) value of the property for assessment as well as increase the role of the province in the property assessment (Slack, Property Tax Reform in Ontario: What have we learned., 2002, p. 578). As such, in 1970, the province took over the assessment responsibility. Using the market value-based assessment was a bigger challenge since it would drastically increase taxes thus it took 30 years and a series of government funded studies and reports that were all coming to the same conclusion – the current system needed a reform and use of market value assessment (pp.578-580).

In 1998, the Province implemented a new uniform assessment system based on the market value (called current value). The system used tax ratios and ranges of fairness which "represent the relationship between tax rates for all non-residential property classes and the rate for the residential class" (Municipal Finance Officers' Association of Ontario, 2012, p. 27). This embarks the Ontario municipal tax reform which in the nutshell brought the following – the realignment of provincial and municipal service responsibilities and transfers, reduce the number of municipalities through municipal amalgamations, it introduced the current value assessment (CVA) like market value and gave the assessment functions to the creation of the Ontario Property Assessment Corporation, later renamed to Municipal Property Assessment Corporation (p.57). The CVA, under the Assessment Act, means, in relation to land, the amount of money the fee simple, if unencumbered, would realize if sold at arm's length by a willing seller to a willing buyer" (Government of Ontario, 1990). Although the CVA represents the price the house is sold the assessment does not rely simply on the price sold. There are three approaches used for valuation of the property: (1) sales comparison approach; (2) income approach and (3) cost approach. The sales comparison approach is used for residential properties by comparing the sales prices to similar surrounding properties. The income approach is used for commercial properties such as rental apartments, retail centres and office buildings. And the cost approach is used mainly for industrial properties by adding the value of improvements, subtracting depreciation and the value of the land (Municipal Finance Officers' Association of Ontario, 2012, pp. 14-15). Various factors are considered when using these approaches – for example, when assessing residential properties including the age of the house, building area, location, lot dimensions, and quality of construction (p.15).

The Municipal Act 2001 (the Act), under part eight, describes the municipal taxation powers. The Act, under section 307, uses tax class ratios to apply different tax rates to different property classes (Government of Ontario, 2001). Based on the Assessment Act, there are seven property classes in Ontario including the residential, multi-residential, commercial, industrial, pipeline, farm, and managed forests (Ontario Government, 1990). Two additional classes and two additional subclasses were created later by the Ministry of Finance – a landfill property class (Government of Ontario, 2016); a new multi-residential property class (Government of Ontario, 2017); and, two new optional subclasses for small-scale on-farm businesses in the commercial and industrial property classes (Government of Ontario, 2018). Therefore, the mandatory property classes in Ontario municipalities are:

1. Residential Property Class
2. Multi-Residential Property Class
3. New Multi-Residential Property Class
4. Commercial Property Class
5. Industrial Property Class
6. Pipeline Property Class
7. Farm Property Class
8. Managed Forests Class
9. Landfill Property Class

There are optional property classes that are subsets of the mandatory classes such as: New Residential, Office Building, Shopping Centre, Parking Lot & Vacant Land, Residual Commercial, Large Industrial, Professional Sports Facility, Resort Condominium. The commercial property class has an optional subclass for the Small-Scale On-Farm Business and the industrial property class has an optional Small-Scale On-Farm Business (Region of Peel, 2020, pp. 6-7).

The Act provides the Minister of Finance with the authority, among other, to make regulations that govern tax ratios, ranges, and transition ratio (ibid, section 307 (19)). Tax rates are calculated as percentages of the assessment for real property in each property class (ibid, section 307). Municipalities have flexibility to set the tax ratios if they are within the "target ranges" of provincial tax policy. The ranges for property classes, otherwise known as "ranges of fairness," are 0.60 and 1.10 relative to the residential class ratio (Municipal Finance Officers' Association of Ontario, 2012, p. 25). The tax ratios, under the section 308.1 (2-3) of the Act, for farms and managed forests at 0.25 relative to the residential class ratio.

Tax ratios can be established for the following property classes - commercial classes, industrial and optional property classes. These properties are usually taxed more than other classes therefore municipalities can change tax ratios within the ranges of fairness which allow that burden is not transferred to another property that is taxed higher. Municipalities can alter tax ratios annually if they follow two rules – first, if existing ratios are outside the ranges of fairness, they may only be brought closer to the range; and second, if existing ratios are within the ranges of fairness, they may be moved either up or down but not beyond the limits of the ranges (pp. 25-26). The province sets limits or the ranges of fairness's on the municipal ratio of tax rates and in case of multitier system, the upper-tier municipalities set the relative tax burden between the property classes (p.14). However, the Act allows upper-tier municipalities to delegate the responsibility of setting tax ratios to lower tier municipalities rather than setting uniform taxes throughout the region.

The municipal council can decide what property is classified as optional property classes and these properties usually fall within the commercial class (such as shopping centers, office buildings, parking lots) and industrial class (such as buildings larger than a certain squire feet). The tax ratio for optional classes can "be adjusted up or down as long as the overall average ratio for the broad class does not increase" (p.28). The rate reductions apply to subclasses such as 35% reduction for vacant commercial and 30 percent reduction for vacant industrial (Bird & Slack, International handbook of land and property taxation, 2004, p. 71). Also, farm buildings, agricultural land, and managed forests must be taxed at 25% of the residential rate (Slack, Kitchen, & Hachard, Property Taxes in Canada: Current Issues and Future Prospects, 2019, p. 14).The variable tax rates allow municipalities to shift tax burdens between various property classes and this is a good tool to use when promoting certain policies in municipality. Transition ratios are applied to mitigate the tax burden to each property class other than property residential property class, the farm property class, and the managed forests property class (Municipal Act 2001, section 308 (6)). Municipalities use transition taxes to mitigate the burden of property taxes while transitioning to the new market value system. Graduated tax rates, under section 314 of the Act, can be used to tax commercial and industrial classes at different tax rates. Municipalities can use graduated tax rates, for example, to stimulate small businesses in a certain area by providing them with lower tax rate than other businesses (Municipal Finance Officers' Association of Ontario, 2012, p. 30).

The Act, under Part IX, sets the limitations governing tax increases on commercial, industrial and multiresidential properties and rules on how municipalities can recover taxes to pay for the forgone taxes. These rules have become known as "capping and clawback" (Municipal Finance Officers' Association of Ontario, 2012, p. 31). Capping was introduced to in 1998 when it became evident that the current tax tools were not significant to address the tax equality in the commercial, industrial and multiresidential properties (Slack, Property Tax Reform in Ontario: What have we learned., 2002, p. 582). These equality issues arose mainly because of inadequate former assessments and the variability within the property business taxes applied under the former system. As such, to mitigate drastic increases, a cap or a freeze was placed on the annual amounts on the allowed tax increases (Municipal Finance Officers' Association of Ontario, 2012, p. 32). The loss revenue entire or a part of the forgone revenues from capped properties was then recovered through clawbacks by reducing the tax decreases in other property classes (Slack, Tassonyi, & Bird, Reforming Ontario's Property Tax System: Reforming Ontario's Property Tax System:, 2007, p. 24). Once properties achieve the "uncapped tax point" municipalities are allowed take properties of the capping system (Municipal Finance Officers' Association of Ontario, 2012, p. 33).

Municipalities can implement phase programs to address "the shifts that would occur within classes of property, especially within the residential property class" (Slack, Property Tax Reform in Ontario: What have we learned., 2002, p. 581). This allows municipalities to phase all property tax changes that occur in the year of the assessment and can be spread in a period of up to eight years (Region of Peel, 2020, p. 11). The decreases that occur within the class are not allowed to spread to other classes. Thus, municipalities are required to develop a plan to mitigate decreases and increases within classes (ibid). In addition, municipalities can provide tax reductions for commercial, industrial, and multi-residential classes (Municipal Act, 2001, section 330). In case of multi-tier system, the upper and lower tier municipalities can share the cost of these programs as well as the province will share the cost for the portion of education share of property tax.

A mandatory program for municipalities is the tax relief for properties whose homeowners are low-income seniors and low-income persons with disabilities (Municipal Act 2001, section 319). These programs are administered by lower tier municipalities and may include cancellation of the tax increase, rebate, or deferral program (Region of Peel, 2020, p. 14). Municipalities are also allowed to provide property tax relief for improvements, alternations and additions in properties that accommodate seniors and people with disabilities (The Assessment Act, 1990, section 22). Municipalities can also provide tax relief for charities and non-for-profit organizations. The eligibility is determined by both single and upper tier municipalities, but the program is administered by lower tier municipality. The minimum rebates are 40% but it can be as high as 100% (Municipal Finance Officers' Association of Ontario, 2012, p. 101). The relief for people in hardship is an optional program to provide tax reductions or refunds for property owners in the residential and farm classes whose property taxes are deemed to be “unduly burdensome” (Municipal Act 2001, section 365.1). Municipalities can implement tax rebate programs for vacant properties for the commercial and industrial classes. The rebate for commercial properties of 30% and for industrial properties of 35% (Municipal Act 2001, section 364). Also, farmlands that are awaiting development are allowed a tax rebates depending on the stage of the development (Municipal Act 2001, section 364; Ontario Regulation 325.01). (Government of Ontario, 2001). Heritage properties can receive between 10%-40% tax reduction. For the brownfields under rehabilitation or contaminated, municipalities can cancel some or all the tax (Municipal Finance Officers' Association of Ontario, 2012, p. 103).

The municipal property tax also provides a source of funding for public education in Ontario. The education funding is a combination of provincial and municipal funds with municipal property tax providing more than one third of total funding for schools in Ontario (p.37). The provincial government, through a regulation, sets the funding the schools will receive and the education property tax for residential, multi-residential, farm, and managed forest (Government of Ontario, 2021). Farms and managed forests are taxed at 25% class ratio. The education tax rates are also applied to businesses and pipelines, but the rates vary depending on the tier of the municipality (pp.38-39). Property owners select which school they wish to support and lower tier and single tier municipalities collect education taxes and remit them to local school boards.

1.4. Discussion of key findings

The Province of Alberta and Ontario, like all other Canadian provinces, uses real property as the base for property taxation. The property tax base is defined as land and improvements in land within municipal boundaries and generally includes land and buildings (Sancton, 2015, p. 316). The tax base includes all properties such as residential and non-residential (commercial and industrial), farm, pipelines, farmlands, institutional, recreational, etc. In Alberta, the provincial legislation sets out four property classes: 1) Residential Property; 2) Non-residential Property; 3) Farmland and 4) Machinery and Equipment. Whereas in Ontario the provincial legislation nine property classes – seven are established under the Municipal Act 2001 and two additional mandatory classes are established by provincial government in Ontario: 1) Residential Property; 2) Multi-Residential Property; 3) Commercial Property; 4) Industrial Property; 5) Pipeline Property; 6) Farm Property; 7) Managed Forests; 8) New Multi-Residential Property; 9) Landfill Property.

The Province of Alberta and Ontario allow municipalities to set other sub-classes. However, in Ontario there are two mandatory subclasses one for Commercial Small-Scale On-Farm Business and one for Industrial the Small-Scale On-Farm Business.

<table>
<tr><th>Item</th><th>Province of Alberta</th><th>Province of Ontario</th></tr>
<tr><td>Property Classes</td><td>Four Property Classes set in Municipal Government Act:
1) Residential Property
2) Non-residential Property
3) Farmland
4) Machinery and Equipment

There are four regulated property classes set in the Municipal Government Act:
5) Farmland
6) Linear property
7) Machinery and equipment
8) Railway property</td><td>There are seven property classes set out in Municipal Act 2001:
1. Residential Property
2. Multi-Residential Property
3. Commercial Property
4. Industrial Property
5. Pipeline Property
6. Farm Property
7. Managed Forests

Two additional mandatory classes are established by provincial government in 2017 and 2018:
8. New Multi-Residential Property
9. Landfill Property</td></tr>
<tr><td>Property Sub-classes allowed</td><td>Residential class has the following sub-classes such as vacant, non-vacant, multi-dwelling

Non-residential property can be split into vacant non-residential property, small business property and other non-residential property</td><td>Municipalities can adopt other property classes such as: New Residential, Office Building, Shopping Centre, Parking Lot & Vacant Land, Residual Commercial, Large Industrial, Professional Sports Facility, Resort Condominium.
There are two mandatory subclasses for Commercial and industrial class: The Small-Scale On-Farm Business for the commercial class and the Small-Scale On-Farm Business for industrial class</td></tr>
</table>

Table 1: Property Classes (on legislation)

In general, municipalities can set different tax rates and exemptions for different property types, and it is argued that such differentials and exemptions narrow the tax base and often lead to over taxation of other types of properties (Slack, Kitchen, & Hanchard, Property Taxes in Canada: Current Issues and Future Prospects, 2019, p. 4). While in both provinces, properties are assessed based on market value, a set of rules are used by provincial government to mitigate burden between property classes. For example, in Alberta the residential tax rate should be greater than 0 whereas the non-residential cannot be 5 times greater than residential rate. The tax rate for small businesses must be at least 75% or equal to the tax rate for the other non-residential property and the tax rate for machinery and equipment must equal the tax rate for non-residential class.

While rates seem straight forward in Alberta, things are a bit more complicated in Ontario. Due to inherited disparities in property assessment, the provincial government uses several measures to create equality between property classes. For example, municipalities are allowed to use variable tax rates for various property classes, but the province sets limits on ratio of tax rates. It is argued that these constrain the flexibility of municipalities in setting differential rates thus increasing the burden in multi and non-residential properties (Slack, Kitchen, & Hachard, Property Taxes in Canada: Current Issues and Future Prospects, 2019, p. 14). Table 2 outlines provincial rules with regards to tax rates in each province.

Item	Province of Alberta	Province of Ontario
Tax rate	Municipalities are permitted to set differential tax rates. The residential tax rate should be greater than 0. The non-residential cannot be 5 times greater than residential rate. The tax rate for small businesses must be at least 75% or equal to the tax rate for the other non-residential property. The tax rate for machinery and equipment must equal the tax rate for non-residential class Municipalities can levy other taxes related to property such as: business tax, business improvement area tax, community aggregate payment levy, local improvement tax, special tax and well drilling equipment tax.	Municipalities are permitted to set differential tax rates The provincial government sets rules about tax ratios, ranges, and transition ratio. Tax ratios should be within "target ranges" of provincial tax policy. The ranges for property classes, otherwise known as "ranges of fairness," are 0.60 and 1.10 relative to the residential class ratio. The tax ratios for farms and managed forests are at 0.25 relative to the residential class ratio. Tax ratios can be established for the following property classes - commercial classes, industrial and optional property classes. The rate reductions apply to subclasses such as 35% reduction for vacant commercial and 30 percent reduction for vacant industrial. Farm buildings, agricultural land, and managed forests must be taxed at 25% of the residential rate. Transition taxes are used to mitigate the burden of property taxes while transitioning to the new market value system. Graduated tax rates can be used to tax commercial and industrial classes at different tax rates for example, to stimulate small businesses in a certain area by providing them with lower tax rate than other businesses. There are limitations governing tax increases on commercial, industrial and multiresidential properties and rules on how municipalities can recover taxes to pay for the forgone taxes – these are known as "Capping and clawing". Municipalities can implement phase programs to address "the shifts that would occur within classes of property, especially within the residential property class". Municipalities can provide tax reductions for commercial, industrial, and multi-residential classes

Table 2: Municipal Tax Rates

The assessment cycle in these provinces differs – Ontario uses a four-year cycle whereas Alberta uses an annual cycle. It is argued that a frequent reassessment keeps property assessment up to date and fairer whereas a less frequent assessment promotes stability and predictability at the expense of equity – the accumulation of small changes in the property value may be replaced by larger and more dramatic shifts (Bird & Slack, International handbook of land and property taxation, 2004, p. 19). Three approaches are used in both provinces to assess property – sales comparison approach, cost approach and income approach.

Item	Province of Alberta	Province of Ontario
Assessment Value	1. Market Value (used for 1-2 property class); and, 2. Regulated Procedure Based Standard (used for 3-4 property class)	Current Value Assessed (CVA) Market Value
Frequency of Assessment	Annual Cycle	Four-year cycle
Approaches used to Assess Value	1. Sales comparison approach 2. Cost approach 3. Income approach	1. Sales comparison approach 2. Cost approach 3. Income approach
Assessment is conducted by	Properties are assessed by municipal assessors. Properties that cross municipal boundaries including the linear property is assessed by provincial appointed assessor.	Municipal Property Assessment Corporation (MPAC) who is responsible for determining the value of assessed properties, classification and exemption of properties, preparation and roll of annual assessment to municipalities, and deals with assessment appeals.

Table 3: Assessment of Property

Once the property is assessed, the responsibility to assess the property differs between these provinces. For example, in Ontario, since 1999, the property assessment is done by Municipal Property Assessment Corporation (MPAC) who is responsible for determining the value of assessed properties, classification and exemption of properties, preparation and roll of annual assessment to municipalities, and deals with assessment appeals. Whereas, in Alberta all the aspects of property assessment are undertaken by municipalities on their own based on provincial guidelines. The properties that cross municipal boundaries are assessed by provincial appointed assessors.

Most provincial governments in Canada provide some type of tax relief and in general this is done through three programs: tax deferrals, property tax credits and direct grants or subsidies (Bird & Slack, International handbook of land and property taxation, 2004, p. 73). Tax deferrals allow property owners to defer taxes and are usually offered to seniors, widowed, and disabled taxpayers (p.73). Property tax credits are often geared toward helping low income and elderly residents whose taxes exceed a certain percentage of their income (Slack, Kitchen, & Hachard, Property Taxes in Canada: Current Issues and Future Prospects, 2019, p. 8).

Item	Province of Alberta	Province of Ontario
Relief Programs	The provincial government provides tax deferral to senior homeowners for all or part of the property taxes with low interest equity loan. The government pays the property taxes on behalf of the owner directly to the municipality. The loan is paid when the property is sold or transferred.	Mandatory program for tax relief for properties whose homeowners are low-income seniors and low-income persons with disabilities. Property tax relief for improvements, alternations and additions in properties that accommodate seniors and people with disabilities. The minimum rebates are 40% but it can be as high as 100%. The relief for people in hardship is an optional program to provide tax reductions or refunds for property owners in the residential and farm classes whose property taxes are deemed to be "unduly burdensome". Municipalities can implement tax rebate programs for vacant properties for the commercial and industrial classes. The rebate for commercial properties of 30% and for industrial properties of 35% Farmlands that are awaiting development are allowed a tax rebates depending on the stage of the development. Heritage properties can receive between 10%-40% tax reduction. For the brownfields under rehabilitation or contaminated, municipalities can cancel some or all the tax.

Table 4: Tax Relief Programs

As shown above in the table 4, tax credits are used in Ontario to provide relief for owners and renters whereas in Alberta, provincial and municipal grants and subsidies are used to reduce the burden on residential property tax.

Most provincial governments in Canada, with exemption of Quebec and Newfoundland and Labrador, levy education property taxes (Slack, Kitchen, & Hachard, Property Taxes in Canada: Current Issues and Future Prospects, 2019, p. 10). As shown above in table 5, the provincial governments in both provinces set the amount of funding to be levied in municipal property taxation that will be applied toward public education.

Item	Province of Alberta	Province of Ontario
Education tax	Provincial government calculates provincial mill rate which represents the amount of taxes each municipality must collect for public education system. The equalized assessment is used to set the tax rates based on the funds required by province. Collect education taxes for property class 1-3; property class 4 is excluded from education tax. Funds are pooled in the Alberta School Foundation Fund then distributed by Province to school boards.	The provincial government, through a regulation, sets the funding the schools will receive and the education property tax for residential, multi-residential, farm, and managed forest. Farms and managed forests are taxed at 25% class ratio. The education tax rates are also applied to businesses and pipelines, but the rates vary depending on the tier of the municipality. Property owners select which school they wish to support and lower tier and single tier municipalities collect education taxes and remit them province who transfers them to local school boards.

Table 5: Education Tax

In Alberta the provincial government sets mill rates to determine the amount of funds municipalities must collect for education. Whereas in Ontario every assessment cycle the provincial government releases a new regulation that provides the education property tax for residential, multi-residential, farm, and managed forest. In Alberta, an equalized assessment to avoid the burden in municipalities due to variations in the market value. The property class 4 – machinery and equipment are excluded from education taxes. In Ontario, farms and managed forests are taxed at 25% class ratio. The education tax rates are also applied to businesses and pipelines, but the rates vary depending on the tier of the municipality. In both provinces, the funds are pooled in a provincial budget and then are distributed to local school boards. This ensures that children are provided with the same education standard across the province despite the local resources.

V. Chapter 2: Dispute resolution

1.1. Introduction

A good taxation system should allow for “error-correction” and provide avenues for property owners to appeal an assessment if they think it is done incorrectly (Slack & Bird, How to Reform the Property Tax: Lessons from around the World, 2015, p. 12). In Canada, these disputes are often dealt at the at the provincial review board and provincial courts (McCluskey, Cornia, & Lawrence, 2013, p. 8). The province of Alberta and the Province of Ontario provide avenues for dispute resolution for property assessment.

This chapter provides a description of the assessment process with emphasize on appeals or more specifically about what types of bodies these provinces have established to review appeals and complaints and who bears the burden of proof for determination of over-assessments. The burden of proof means which party in a dispute is responsible to provide enough warrant for their position. This chapter begins with a description of the appeal process in Alberta and Ontario. It will then continue with a discussion about upon whom rests the burden of proof for disparities in property assessment.

1.2. Appeals in Alberta

The provincial legislation on property assessment in Alberta allows property owners to be informed about the assessment process, access assessment documents and file appeals if they think the assessment has been incorrect. The property owners have the right to know how the assessment is determined (Government of Alberta, 2010, p. 20). The duties and procedures an assessor must follow in preparing an assessment are included in the Municipal Governance Act

(2000), the Regulation on Matters Relating to Assessment and Taxation (2018) and the annual Alberta Assessment Quality Minister's Guidelines. The Municipal Governance Act requires assessors to conduct their duties in a fair and equitable manner (section 293.1). When conducting the assessment, the assessor has the right to enter a property for collecting information given a proper notice is provided to the property owner (section 294(1)). The property owner should provide information requested by assessor (section 295.2). If the owner does not provide the information to assessor within 60 days, then it loses the right to file a complaint for assessment outcome (section 295.4). In case of a suspicion in the inaccurate information, the assessor is not bound by the information it receives (section 295.1). The assessor or municipality can request a court order to enter the property or receive information from property owner (section 296).

An assessed person has the right to request information on how the municipal assessor prepared the assessment and how the property is assessed, and the municipality must comply with this request (section 299). Similar provisions apply to provincial assessors (section 299.1). An assessed person can also request access to the most recent assessments of all properties assessed in the municipal and provincial assessment. The municipality and province must provide this information to the assessed person only if it does not breach the confidentiality (section 300(1-3) – 300.1.(1-3)). The municipality and province can provide information about property assessments if it is satisfied that necessary confidentiality will not be breached (section 300(1-2)).

The property is assigned a property class, once the assessment is complete. This is important since it determines the tax rate that will be applied to such property (Government of Alberta, 2010, p. 21). Then the municipality issues an assessment roll, listing assessed properties in a municipality, their assessed values, their assessment class, school support declaration, owner's information, etc. (Municipal Government Act, 2000, section 304). When an error is noticed, often upon receiving a complaint, the assessor can correct the roll and provide the person with an amended assessment (305. (1)). Assessed persons are provided with a notice of assessment (section 308(1)). The notice, among other, provides the owner with information about how to file a complaint as well as the deadlines for complaints. In addition, a notification should be advertised in newsletter to announce that notices have been mailed. In case when errors occur, an amended notice should be sent to the owner (section 311-312).

The Municipal Governance Act (2000) sets out the complaints and appeal system for property owners who want to correct their property assessment (under Part 11, Assessment Review Boards). The Act establishes three quasi-judicial administrative boards: Local Assessment Review Boards (LARBs), Composite Assessment Review Boards (CARBs), and the Municipal Government Board (MGB). Their decisions are binding but can be appealed decision to the Court of Queen's Bench of Alberta (CQB). The municipal council appoints at least three members in LARBs, sets their term, renumeration and appoints the chair. The municipal council appoints at least two members should be appointed one of whom is the chair, sets their duties, renumeration, term. One member is appointed by provincial government. The type of complaint determines which board will review the complaint. For example, the complaints about property with three or less dwelling units, farmland, a tax notice other than a property tax notice, business tax notice or improvement tax notice are heard by LARBs. The complaints about property with four or more dwelling units or non-residential property is heard by CARBs (ibid). The complaints on industrial property and equalized assessments are heard by three members of MGB who are appointed from a provincial pool of candidates (Government of Alberta, 2010, p. 16).

The Municipal Governance Act (2000), under section 460, sets out the complaints process. Upon receiving the notice of assessment, an assessed person or a taxpayer who believes the assessment is inaccurate can contact the assessor. The assessor can review the complaint and may also ask to inspect the property. If the assessor does not agree that the notice of assessment is inaccurate, the property owner can file a formal request in the assessment review board. The person who brings the claim to dispute is responsible to provide the evidence. The claim should indicate the incorrect information in the notice of assessment, explain what information is incorrect, indicate the correct information and identify the requested assessed value (section 460 (9)). The review board will set the hearing. The burden of proof lies on the complainant thus preparing for the hearing may be daunting for some property owners. The provincial government provides a guide on "a property assessment complaint and preparing for your hearing" (Government of Alberta, 2010). According to the guide, the disclosure of evidence by complainant may include the following: "all relevant facts supporting the matters of complaint, all documentary evidence to be presented at the hearing, a list of witnesses who will give evidence at the hearing, a summary of testimonial evidence, the legislative grounds and reason for the complaint, the relevant case law and any other information that the complainant considers relevant" (p.16). After the hearing, the appeal review board may dismiss the claim if the timelines are not respected or information is not provided why the notice of assessment is incorrect, grant the change if it is within the scope of the board or refuse the change (Municipal Government Act 2000, Division 2, Decisions of Assessment, Review Boards, sections 467(1) – 471 (1)). The decisions of the appeal review board can be appealed decision to the Court of Queen's Bench of Alberta (CQB).

1.3. Appeals in Ontario

The provincial legislation on property assessment in Ontario allows property owners and municipalities to file a complaint property valuation, classification, school board support and any other incorrect information in the assessment notice. The Municipal Act 2000 gives the authority to review complaints to the Assessment Review Board (ARB). Before filing an appeal to ARB, owners of residential, farm and conservation lands, and managed forests need to file a request for reconsideration (RfR) with MPAC within 90 days of receiving the notice of assessment (section 331. (11)).

MPAC is mandated by province, under the Assessment Act, to assess and classify properties across Ontario based on the market value — more than 5.3 million homes and businesses—with a total value of more than $2.96 trillion (Municipal Property Assessment Corporation, 2019). The provincial legislation, to ensure transparency and equality for property owners, provides one valuation date across the province. Because of the large number of residential properties, MPAC uses various approaches to conduct the appraisal of properties. For example, mass appraisal applications (regression analyses of various data and assigning dollar values to various property characteristics) is used for residential properties (Municipal Finance Officers' Association of Ontario, 2012, p. 46). The sales approach is used in combination with other factors such as neighborhood factors, building size, date and type of construction, and lot frontage to provide the market value of the property (ibid). The multi-residential, commercial, and industrial properties are value based on income approach.

MPAC issues the notice of assessment to property owners every four years. The notice provides the assessed value of the property and the classification. The property value increases are phased in gradually over four years and decreases are applied immediately. The property owners that disagree with the assessment can file an RfR is free and MPAC provides a form and an online portal to make the submission. The request should be accompanied with reasons for the request and any additional documentation for consideration. MPAC reviews the request and sometimes reconsiders the property assessment and provides a response within 240 days (Municipal Property Assessment Corporation: What You Need to Know (Residential Properties), 2020, pp. 1-5). If the issue is not resolved, an appeal can be submitted to ARB. Matters related to businesses and non-residential properties do not require an RfR and may file an appeal directly with the ARB.

The ARB is the sole independent adjudicative tribunal in province established under the Assessment Act to hear appeals on property assessment and property taxes and ensure that properties are assessed and classified in accordance with the legislation (Government of Ontario, 1990). The board, under the Assessment Review Board Act, should have a chair, vice chair and other members appointed by the Lieutenant Governor in Council. The appeal process is set in the Assessment Review Board Act and the Assessment Review Board Rules of Practice and Procedure (Tribunals Ontario, 2021). The complainant can appear in person or use representative that has the authority to provide legal service (Tribunals Ontario, 2021, Part 3.17.)

The appeal should include the appellant information, provide the property issue by roll number, information about the nature of the appeal and grounds of it, include a copy of reconsideration and the fee payment (ibid, section 17). The appellant can request bilingual or French proceeding and accommodation of any Human Rights Code needs. The board may decline the appeal without holding a hearing if the matter does not fall within its jurisdiction, if it considers it a frivolous appeal, commenced in bad faith or for the purpose of delay, the appeal provides insufficient statutory grounds, the appeal does not comply with board as well as statutory deadlines and the appellant has abandoned the appeal (section 24). All parties can bring evidence, witnesses, and experts to the hearing. The evidence, including expert reports, statement of issues and responses and witness statements should be submitted on the deadlines set out in the schedule of events before proceedings (section 35). Parties may seek an order from the Board to do oral or written examination or cross-examination of any person or any other method of discovery (section 47). No new evidence including documents and issues are admitted unless the board decides that there are exceptional circumstances (sections 48-49).

A Settlement Conference is held before the scheduled hearing. A board member for presides at the meeting meets with all the parties to review the dispute and attempt to resolve some or all of the issues. If there is no agreement, the next step is a full hearing (part 8, sections 56-59). The hearing is held electronically and by default they are open to public unless decided otherwise by the Board (Part 12-13). ARB decisions are binding and subject only to appeal to Divisional Court (Part 14). The board has the right to review its decisions upon the party request and given the timelines are met and there are reasonable grounds for review. In this case, the board can confirm, vary, or cancel the decision or, order a rehearing on all or part of the matter (section 103). Municipalities and MPAC are responsible to making the required changes in accordance with ARB decisions. Matters outside the jurisdiction of ARB are filed to the Superior Court of Justice.

1.4. Discussion of key findings

The Province of Alberta and Ontario provincial legislation provides owners with the right to be inform and challenge an incorrect assessment. For this reason, both provinces have set up assessment review boards that have the authority to review the appeals and make binding decisions. However, due to variations in the assessment process, the appeal process varies between Alberta and Ontario. For example, in Alberta, municipalities conduct the property assessment and classification thus only the assessed person is eligible to make an appeal. Whereas, in Ontario, since the MPAC is responsible for assessment, it is the assessed person and the municipality who is eligible to make an appeal.

Province	Assessment Review Board	Type of Complaint/Appeal	Membership Appointment
Alberta	Local Assessment Review Boards (LARBs)	Hears complaints for property with three or less dwelling units, farmland, a tax notice other than a property tax notice, business tax notice or improvement tax notice	The municipal council appoints at least three members
	Composite Assessment Review Boards (CARBs)	Hears complaints for property with four or more dwelling units or non-residential property	The municipal council appoints at least two members should be appointed one of whom is the chair, sets their duties, renumeration, term. One member is appointed by provincial government.
	The Municipal Government Board (MGB)	Hears complaints on industrial property and equalized assessments	Three members appointed from a provincial pool of candidates
Ontario	Assessment Review Board	Hears appeals on property assessment and property taxes and ensure that properties are assessed and classified in accordance with the legislation	It should have a chair, vice chair and other members appointed by the Lieutenant Governor in Council.

Table 6: Assessment Review Boards

In Alberta, the requests for reconsiderations are considered by municipal assessors whereas in Ontario these requests are considered by MPAC. Moreover, in Alberta, there are three review boards that review cases based on the property type whereas in Ontario there is only one board that hears all types of property appeals. In terms of burden of proof, in Alberta, the assessed person is responsible to bring evidence, witnesses and expert reports whereas in Ontario all parties involved in the appeal can provide such evidence.

VI. Chapter 3: Practical aspects of municipal property taxes and appeals

1.1.Introduction

Over 400 municipalities in Ontario levy and collect property taxes and over 300 municipalities in Alberta assess, levy, and collect property taxes. This study includes 10 municipalities, six municipalities in Alberta and five single tier municipalities in Ontario (see appendix 1). The data are analyzed using two points in time, the 2012 and 2016 financial return information. Tables and charts are used to identify variations in property taxation in specific municipalities, such as property assessment, property classification, tax rates and ratios.

1.2. Property taxation in practice in Alberta and Ontario

Administration of the Assessment – the administration of the property assessment varies in the Province of Alberta and Ontario. In Alberta, assessment services are carried out and funded locally by each municipality. In Ontario, the assessment is responsibility of MPAC, and the assessment services are funded by participating municipalities. Figure 1 shows the total assessment services cost in selected municipalities based on FIR data. The cost of the property assessment services seems considerably similar between selected municipalities in Alberta and Ontario with the service cost range between 500,000 to less than 2,000,000. The cost for each assessment cycle seems to have remain relatively the same in Ontario with a slight decrease, less than 2 percent decrease in the cost of service in three municipalities (Bratford, Peterborough and Belleville) and less than 3 percent increase in the cost of service in Greater Sudbury and Thunder Bay. Whereas, in Alberta, there seems to have been a decrease in service cost across the board, with a range of minus 9.8 percent in Red Deer to minus 28.7 percent in Medicine Hat.

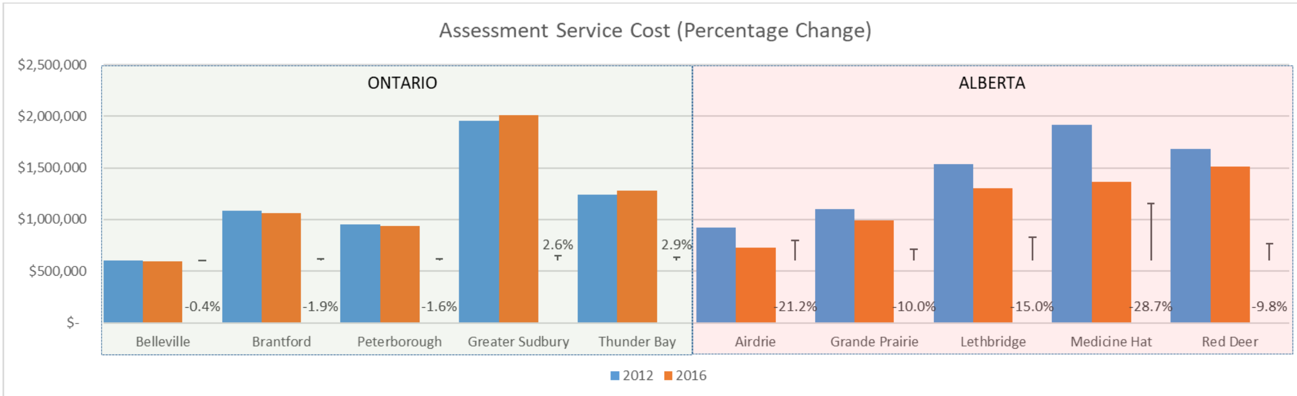


Figure 1: Total Assessment Services Cost in Ontario and Alberta

Looking at the cost of service for capita, as shown in the figure 2, the property assessment cost per capita is considerable higher in Alberta compared to Ontario. The highest service costs are in the range of $18.29 to 21.39 in 2012 and 11.78 to 21.72.

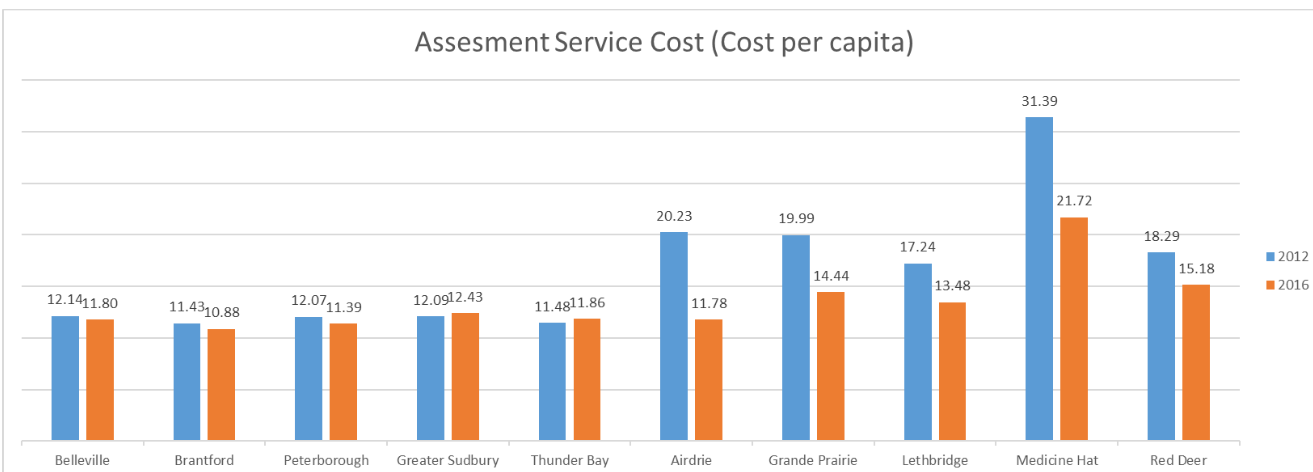


Figure 2: Assessment Services Cost in Ontario and Alberta (cost per capita)

Tax Base – The property taxation in Alberta and Ontario include land, buildings, structures, etc. The review of municipal financial return information, for assessment cycle in 2012 and 2016, shows that selected municipalities in Ontario municipalities use more property classes and subclasses compared to municipalities in Alberta. The most common property classes and subclasses in selected municipalities in Alberta are the residential land and improvements, land

and improvements (excluding M&E), machinery and equipment, linear property, railway, farmland, residential farmland, non-residential and senior lodges. Whereas municipalities in Ontario use far more classification for property classes and subclasses including residential, multi-residential, commercial, managed forests, farmland, office building, shopping centers, pipeline, parking lot, industrial, etc. They are further classified based on occupancy, whether it is a new constriction, excess or vacant land, the phase of awaiting development and shared PIL.

Table 7 below provides a list of most common property classes found in selected municipalities based on municipal financial return of information.

Alberta	Ontario	
Property Class	Property Class	Property Class
1. Residential Land and Improvements	1. Residential Full Occupied	2. Commercial Full Occupied
2. Land and Improvements (Excluding M & E)	3. Residential Education Only	4. Commercial Farm. Awaiting Devel. - Ph II
3. Machinery and Equipment	5. Multi-Residential Full Occupied	6. Commercial Excess Land
4. Linear Property	7. New Multi-Residential Full Occupied	8. Commercial Vacant Land
5. Railway	9. Managed Forest Full Occupied	10. Commercial, NConstr. Full Occupied
6. Farmland	11. Farmland Full Occupied	12. Commercial, NConstr. Excess Land
7. Residential/Farmland	13. Office Building Full Occupied	14. Industrial Full Occupied
8. Non-Residential	15. Office Building Excess Land	16. Industrial Farm. Awaiting Devel. - Ph I
9. Seniors Lodges	17. Office Build., NConstr. Full Occupied	18. Industrial Excess Land
	19. Shopping Centre Full Occupied	20. Industrial Vacant Land
	21. Shopping Centre Excess Land	22. Industrial Vacant Land, Shared PIL
	23. Shopp. Centre, NConstr. Full Occupied	24. Large Industrial Full Occupied
	25. Shopp. Centre, NConstr. Excess Land	26. Large Industrial Excess Land
	27. Pipeline Full Occupied	28. Industrial, NConstr. Full Occupied
	29. Parking Lot Full Occupied	30. Industrial, NConstr. Excess Land

Table 7: Property Classes (on FIR)

The FIRs of selected municipalities in Alberta include senior lodges, railway, linear property and machinery and equipment which are not found in the FIRs of Ontario municipalities. Whereas selected municipalities in Ontario have a longer list of property classification that are not included in the selected municipalities in Alberta property classification such as office building, shopping center, pipeline, parking lot, commercial and industrial properties. Some of these variations among the selected municipalities may exist because perhaps there is no such property in the municipality territory. Some of the variations are a result of a property being treated differently in the classification – the railway, pipeline, commercial, industrial properties are a typical example of a properties that is taxed in both provinces, but it does not appear in the FIRs of selected municipalities in Alberta because the first two are taxed under linear property and the later are taxed in the non-residential property. Lastly, some of the variations are a result of a property being excluded from the taxation – for example, machinery and equipment and senior lounges are another example of a property class included in assessment base in Alberta but excluded in Ontario.

Tax Ratios and Rates – In the province of Alberta, municipalities use tax rates whereas in the province of Ontario in line with provincial legislation municipalities use tax ratios and tax rates. The property classes included in the FIR shows that in Alberta, municipalities use two property types – residential property and non-residential property tax rates. Both these classes include a breakdown of the education tax rate and senior lodges accommodation tax rate. As shown in table 8, the average tax rate for residential properties in selected Alberta municipalities was 6.50 percent in 2012 and 6.70 percent in 2016. Whereas, for non-residential properties, the average tax rate was 13.74 percent for both years and double compared to residential properties. The education tax rate is also higher for non-residential property (3.58 percent) compared to residential property (2.62 percent). The Senior Lodges Accommodation Tax has been set at a similar rate for both residential and non-residential classes.

Property Class	Tax Rate 2012	Tax Rate 2012
1) Residential Property	6.50%	6.70%
1.1) Residential Property - Education - Alberta School Foundation Fund Tax Rate	2.62%	2.42%
1.2) Residential Property - Senior Lodges Accommodation Tax	0.06%	0.07%
2) Non-residential Property	13.74%	13.74%
2.1) Non-Residential Property - Education - Alberta School Foundation Fund Tax Rate	3.56%	3.58%
2.2) Non-Residential Property - Senior Lodges Accommodation Tax	0.06%	0.07%

Table 8: The average tax rate in Alberta (on FIR)

On the other hand, the property classes included in the FIR shows that in selected municipalities in Ontario, municipalities use multiple property classes. The list differs among municipalities depending whether a type of property exists in a municipality. The table 9 below is based on the information from the individual FIRs of the selected municipalities for 2012 and 2016 and shows the most common property classes, the average tax ratio, percentage of full rate, tax rate, education rate and ultimately the total tax rate.

Property Class	2012					2016				
	Ratio	% Full Rate	Tax rate	Edu. Rate	Total	Ratio	%Full Rate	Tax rate	Edu. Rate	Total
Residential Property (Full Occupied)	1.00	100%	1.15%	0.22%	1.37%	1.00	100%	1.13%	0.19%	1.32%
Multi-Residential (Full Occupied)	2.32	100%	2.69%	0.22%	2.91%	2.26	100%	2.29%	0.19%	2.48%
New Multi-Residential (Full Occupied)	1.13	100%	1.21%	0.22%	1.43%	1.43	100%	1.69%	0.19%	1.88%
Commercial (Full Occupied)	1.93	100%	2.22%	1.40%	3.62%	1.92	100%	2.14%	1.31%	3.45%
Commercial, NConstr. (Full Occupied)	1.93	100%	2.22%	1.26%	3.48%	1.97	93%	2.14%	1.18%	3.32%
Large Industrial (Full Occupied)	2.63	100%	3.01%	1.46%	4.47%	2.73	100%	2.91%	1.34%	4.25%
Industrial (Full Occupied)	2.54	100%	2.91%	1.46%	4.37%	2.46	100%	2.72%	1.37%	4.09%
Parking Lot (Full Occupied)	1.84	100%	1.92%	1.49%	3.41%	1.88	100%	1.99%	1.34%	3.33%
Shopp. Centre (Full Occupied)	1.84	100%	1.92%	1.49%	3.41%	1.88	100%	1.99%	1.34%	3.33%
Pipeline (Full Occupied)	1.68	100%	2.00%	1.32%	3.32%	1.82	100%	2.10%	1.23%	3.33%
Farmland	0.25	100%	0.29%	0.06%	0.34%	0.25	100%	0.28%	0.05%	0.33%
Managed Forest	0.25	100%	0.29%	0.06%	0.34%	0.25	100%	0.28%	0.05%	0.33%
Office Building (Full Occupied)	1.84	100%	1.92%	1.49%	3.41%	1.88	100%	1.99%	1.34%	3.33%

Table 9: The average ratio, tax, and education rate in Ontario (on FIR)

The overall tax rate for residential properties has been 1.37 percent in 2012 and 1.32 percent in 2016. Whereas the total tax rate for multi-residential properties has been higher at 2.91 in

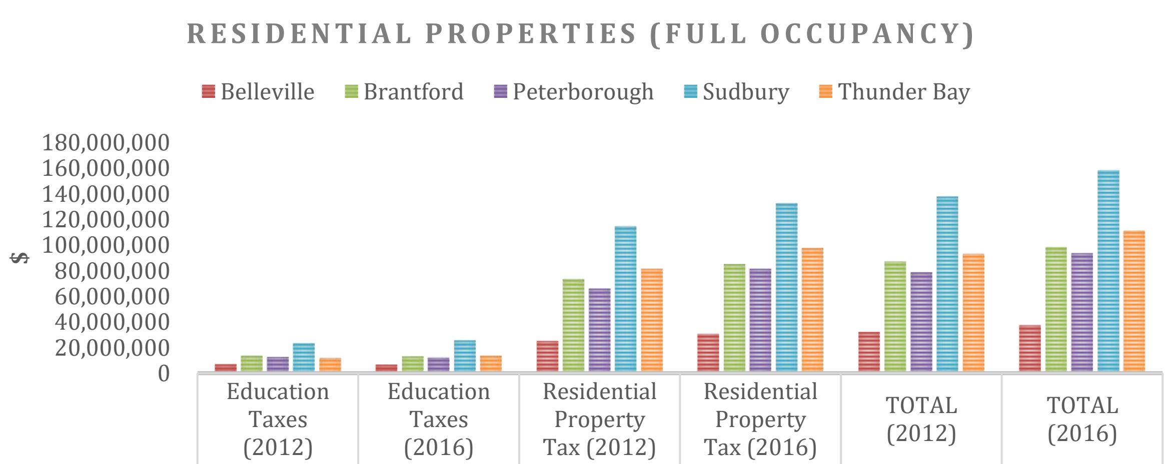
2012 and 2.48 percent in 2016. The commercial and industrial properties are taxed higher than residential and multi-residential properties. For example, the commercial properties have been taxed at 3.62 percent in 2012 and 3.45 percent in 2016. Whereas the industrial properties have been taxed at 4.37 percent in 2012 and 4.09 percent in 2016. The education tax rate seems to be lower for residential and multi-residential properties compared to commercial and industrial properties. The new properties in both multi-residential and commercial class on average have lower tax rates which may be a way for municipalities to incentivize new development. Whereas, the office building, shopping centers and parking lots seem to share a similar tax rate in both assessment cycles. The tax ratio also varies between property types – for example, the managed forests and farmland are taxed at 25 percent of the tax ratio whereas the commercial properties are taxed on average at 1.93 percent.

The Residential properties encompass the biggest portion of property taxation and will be used here as an example to illustrate tax rates and ratios in Ontario. In all selected municipalities in Ontario, the fully occupied residential properties had a tax ratio of 1.0000. These properties were charged 100% of the full rate. Also, as set out in the provincial legislation, the education tax rate is the same across the province, therefore all selected municipalities had a similar education tax within the assessment cycle. However, the rate varies between assessment cycles. For example, in 2012 the education tax rate for fully occupied residential properties was 0.22% whereas in 2016 it decreased to 0.18%. The tax rates for residential properties varies within selected municipalities in Ontario. The range of tax rates is between 0.80% to 1.53% in 2012 and between 0.85 to 1.35 in 2016. The range of total tax rates is between 1.03% to 1.04% in 2012 and between 1.75% to 1.54% in 2016. There has been a slight increase of 0.016% in the low range and a slight decrease of - 0.20% in the higher range of the property taxation rate in selected municipalities. Table 10 below provides municipal tax rates residential properties in selected municipalities in Ontario.

Municipal Tax Rate – Residential Property (Full Occupied)						
Municipality	Residential Tax (2012)	Residential Tax (2016)	EDUC (2012)	EDUC (2016)	TOTAL (2012)	TOTAL (2016)
Belleville	0.809566%	0.858993%	0.221000%	0.188000%	1.030566%	1.046993%
Brantford	1.187579%	1.214127%	0.221000%	0.188000%	1.408579%	1.402127%
Peterborough	1.155886%	1.254483%	0.221000%	0.188000%	1.376886%	1.442483%
Sudbury	1.085582%	0.972657%	0.221000%	0.188000%	1.306582%	1.160657%
Thunder Bay	1.530135%	1.354413%	0.221000%	0.188000%	1.751135%	1.542413%

Table 10: Municipal Tax Rates for Residential Property in Ontario

The education tax rate comprises a smaller portion of revenue from residential properties and, as provided in graph 1 below, it seems to fluctuate less between the assessment cycles compared to residential properties.



	Education Taxes (2012)	Education Taxes (2016)	Residential Property Tax (2012)	Residential Property Tax (2016)	TOTAL (2012)	TOTAL (2016)
Belleville	6,850,944	6,687,022	25,096,341	30,553,740	31,947,285	37,240,762
Brantford	13,679,222	13,192,063	73,507,496	85,195,954	87,186,718	98,388,017
Peterborough	12,631,060	12,210,987	66,063,644	81,481,251	78,694,704	93,692,238
Sudbury	23,330,523	25,626,362	114,602,698	132,583,298	137,933,221	158,209,660
Thunder Bay	11,773,975	13,542,803	81,519,327	97,566,750	93,293,302	111,109,553

Figure 2: Residential Properties (full occupancy) in Ontario

The revenues from the residential property tax have slightly increased in most selected municipalities with the biggest increase noted in the municipality of Sudbury. The tax rates on residential property in selected municipalities in Alberta seem substantially higher than Ontario. Figure 3 shows that tax rates are in the range of 4.32 to 10.16 in 2012 and 4.05 to 9.36 in 2016. Airdrie is in the lower range in both years while Grande Prairie is in the higher range. While the tax rate has almost remained the same in the Red Deer, it seems to have slightly decreased in the Airdrie, Grande Prairie and Lethbridge and slightly increase in Medicine Hat.

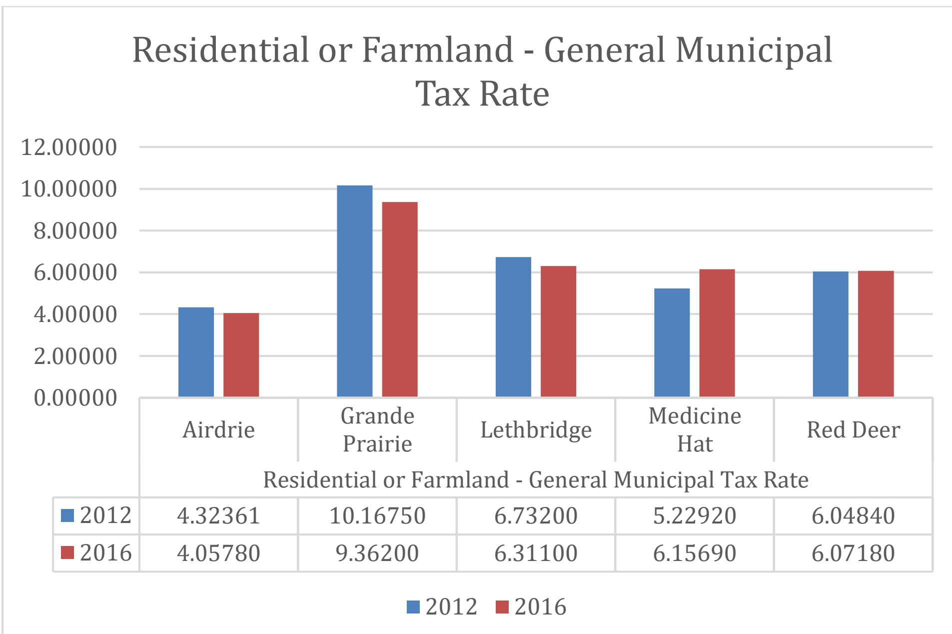


Figure 3: Residential or Farmland - General Municipal Tax Rate

The education tax levied in residential or farmland property class in Alberta municipalities. While in Ontario the education tax rate was similar across the province, in Alberta, the education property tax rate varies within municipalities. Also, the overall education tax rate per in Alberta municipalities shows higher than the educational tax rate in selected Ontario municipalities. Figure 4 shows that tax rates are in the range of 2.28 to 2.76 in 2012 and

2.32 to 2.48 in 2016. However, there has been a slight decrease in the tax rate in all municipalities except Airdrie that shows a slight increase.

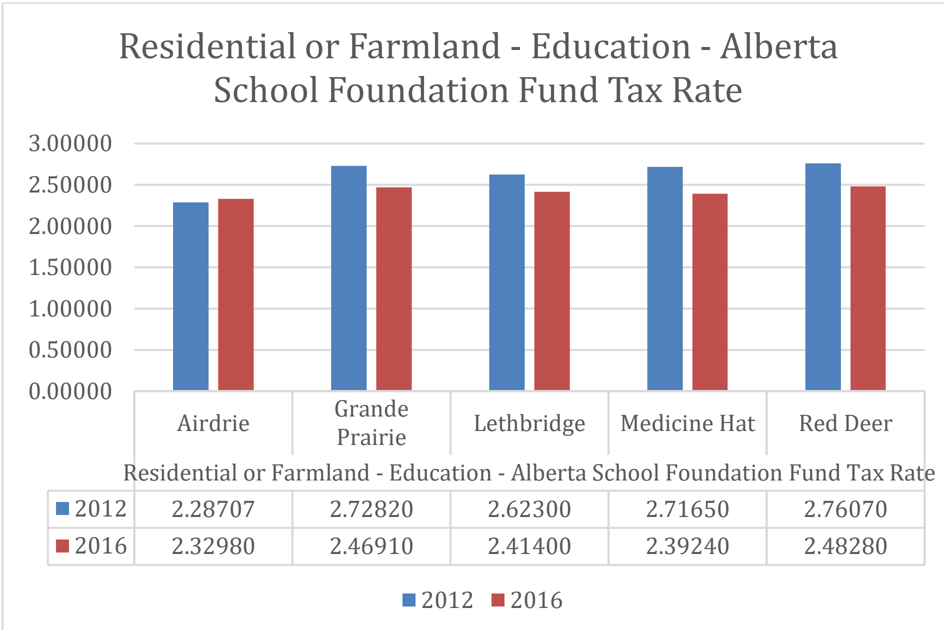


Figure 4: Residential or Farmland - Education- Alberta School Foundation Fund Tax Rate

In terms of revenue from this levy, as shown in figure 5 below, there seems to be an increase in revenue from 2012 to 2016 in all selected municipalities.

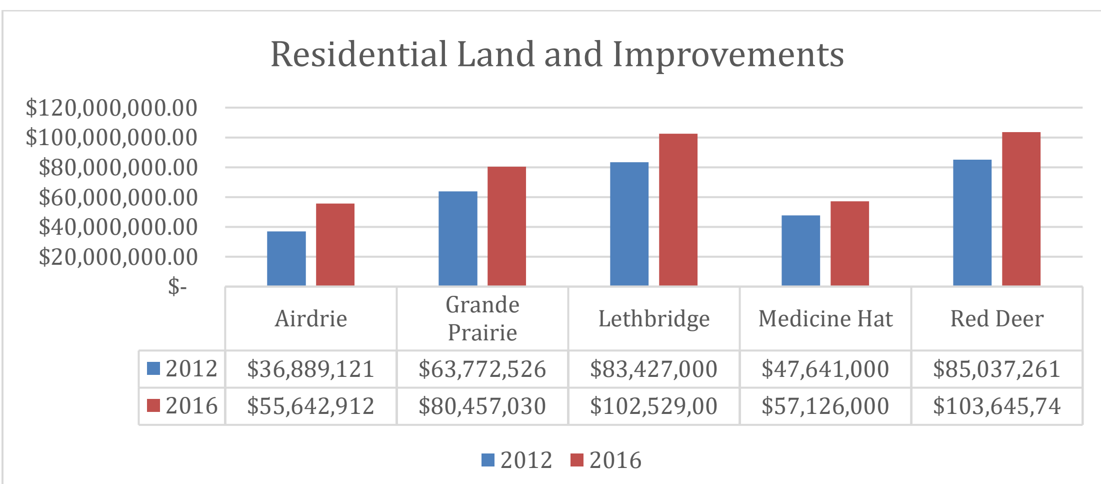


Figure 5: Residential Land and Improvements

1.3. Summary of key findings

The assessment administration in practice varies in the Province of Alberta and Ontario. While the cost of conducting the property assessment in selected municipalities in Alberta seems comparable with Ontario, there has been a decrease in the costs from 2012 to 2016 assessment in selected municipalities in Alberta. However, looking at per capita costs for property assessment services, the cost is significantly higher in Alberta. There may be several assumptions we can raise about why these costs are higher in Alberta such as lack of economies of scale, geographic and demographic factors and the overall changes in housing market in Alberta due to last economical downturn.

The property classification in the FIR in selected municipalities, shows that there is a slight variation on the tax base in Alberta and Ontario. The property classification in the selected municipalities in Alberta seems to be broader and includes fewer property classes and tax rates. This means that many properties are included in one taxation class such as all residential properties may be included in one tax rate whether they are single detached homes, multi-residential, etc. The selected municipalities in Ontario use more classes/subclass and apply various tax rates and ratios. There seems to be few variations in the property classification included in the FIR among Ontario municipalities and these variations are a result of – a property missing in a certain municipality; or, being treated differently in the classification but included in the tax base; or a property being excluded from the tax base such as machinery and equipment and senior lodges. Having more property classes means that municipalities in Ontario can provide various tax rates depending on the type of property even within a certain category, such as distinguish between residential and multi-residential, or new multi-residential. This allows municipalities to develop housing strategies that address specific issues within the municipality.

The ratios introduced by provincial government in Ontario aimed to reducing the burden among property classes keeps the municipal tax rates within a specific range compared to residential properties. However, as shown in our table 9, the commercial and industrial classes still pay a relatively higher taxes due to higher taxation rates. In addition, the tax rates on residential property and education in selected municipalities in Alberta seem substantially higher than Ontario in the selected years. While in Ontario all selected municipalities apply the same rate for education property tax, in Alberta some municipalities apply higher rates than others.

VII. Conclusions

As provided in the context, the municipal autonomy in setting property taxation varies depending on the province. The reforms in property taxation in both provinces have influenced these variations both in law and practice. The review of legal framework in both provides shows that both provincial governments set the law, including Assessment Acts and regulations regarding property taxation. The municipal governments also set tax rates and collect taxes. However, both provincial governments set limits on tax rates although there seem to be fewer restrictions in the province of Alberta. The province of Ontario, in addition to tax rates also applies tax ratios and ranges of fairness that are used to distribute the burden between classes relative to the residential class tax ratio (which is equal to "one"). This has been done to address disparities between property classes an attempt to bring a fair and equal taxation system throughout the province. Alberta provides municipalities with authority to administer, assess, classify, set their own property taxes within provincial limits and deal with complaints. Properties that cross municipal boundaries or are not sold often in the market are assessed both municipal and provincial assessors in Alberta, depending on the property type, to conduct assessment and classification of property. Whereas the in Ontario, the provincial government allows municipalities to levy and collect taxes and uses MPAC as an umbrella organization to assess and classify all properties and sets limits in the tax rates between property classes through tax ratios. So, there is variation in terms of flexibility given to municipalities in setting their tax rates. The empirical research in third chapter shows that the costs of administering this service is significantly higher in Alberta. There may be several assumptions we can raise about why these costs are higher in Alberta such as lack of leverage from economies of scale considering the assessment services are provided by individual municipalities whereas in Ontario the service is centralized through MPAC which pools resources from municipalities across Ontario. Second, there is a lack of upper tier municipalities in Alberta which again relates to the economies of scale and pooling more resources. Third, it seems the northern municipalities in Ontario the cost for property assessment is higher than other municipalities that are in a more urbanized and populated region in Ontario. Thus, the geographic and demographic factors may contribute to the cost of the service. And, lastly, the dip in housing prices due to the last economic downturn in Alberta. However, the validity of these assumptions warrants a more in-depth research in future.

The province of Ontario and Alberta use different reassessment cycles. Ontario uses a four-year reassessment cycle whereas the Alberta uses an annual reassessment cycle. While they both use the market value to assess properties, Alberta municipalities use regulated property classes to evaluate properties that are not soled often in the market. The Province of Ontario and Alberta differ in terms how they administer complaints and appeals. As discussed above, Ontario uses MPAC to conduct all aspects of property assessment including complaints, whereas Alberta municipalities are responsible to conduct assessments on their own including complaints. The appeals in these provinces are handled differently – in municipalities in Alberta three boards review assessment appeals depending on the property classification and the burden of proof relies on the complainant. In Ontario there is only one board for appeals. While the property owners in both provinces can file an appeal, in Ontario, an appeal can be filing a municipality or any party with interest in the property and all parties – the property owner, municipality and MPAC can provide evidence.

Future research can explain whether similarities and differences between these two provinces matter. The assessment cycle differs – Ontario uses a four-year cycle whereas Alberta uses an annual cycle. The literature suggests that a frequent reassessment keeps property assessment up to date and fairer and a less frequent assessment promotes stability and predictability at the expense of equity – the accumulation of small changes in the property value may be replaced by larger and more dramatic shifts (Bird & Slack, 2004, p. 19). The Province of Ontario uses a broader classification and tax rates. A more robust statistical study would be able to explain whether such practice leads to fairer and more equitable tax distribution between property classes.

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Appendixes

Name of the Municipality	Population	Province
1. Red Deer	99718	Alberta
2. Brantford	98179	Ontario/Single Tier
3. Thunder Bay	93952	Ontario/Single Tier
4. Sudbury	88054	Ontario/Single Tier
5. Lethbridge	87572	Alberta
6. Peterborough	82094	Ontario/Single Tier
7. Belleville	67666	Ontario/Single Tier
8. Medicine Hat	62935	Alberta
9. Grande Prairie	62320	Alberta
10. Airdrie	61082	Alberta

Appendix 1: Selected Municipalities in Alberta and Ontario